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Bulletin:

Netherlands-Based Cooperatieve Rabobank's Ratings Unchanged By Plans To Issue €1.5 Billion Of Perpetual Certificates

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PARIS (S&P Global Ratings) Jan. 18, 2017--S&P Global Ratings said today that its issuer credit ratings and outlook on Cooperatieve Rabobank U.A. (A+/Stable/A-1) are unchanged by the bank's announced plans to issue new Rabobank Certificates for a total nominal amount of €1.5 billion on Jan. 24, 2017. Rabobank Certificates are perpetual instruments that qualify as Common Equity Tier 1 (CET1) capital. The certificates also qualify for inclusion in S&P Global Ratings' measure of core capital, under our risk-adjusted capital (RAC) framework.

Rabobank is engaged in a medium-term strategy with a particular focus on strengthening regulatory capital ratios through active balance-sheet management, earnings improvement, and the continued issuance of instruments qualifying as Tier 1 or Tier 2 regulatory capital.

We believe that Rabobank already enjoys a strong capital position, factoring in our expectation that Rabobank will continue to implement this strategy in anticipation of regulatory changes, including a potential revision of Basel risk-weights. Our RAC ratio for the bank stood at 8.8% at year-end 2015, and we believe that it will strengthen over the coming 18-24 months, sustainably exceeding 10%, and likely continue to improve beyond our forecast horizon.

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We understand that Rabobank aims at maintaining a CET1 ratio of at least 14% and a total capital ratio of at least 25% by 2020 under the potential regulatory change. These ratios stood at 13.4% and 23.5%, respectively, as of June 30, 2016. The perpetual certificates to be issued later this month will contribute to the replacement of Additional Tier 1 instruments that do not meet Capital Requirements Directive IV standards. In the meantime, Rabobank has indicated that, as a result of the certificates offering, it has adjusted downward its target Additional Tier 1 layer to roughly 2.0% from 3.5% of its risk-weighted assets.

Rabobank Certificates are listed on Euronext Amsterdam and offered to both retail and institutional investors. Rabobank indicated that after the issuance, there will be a total nominal amount of approximately €7.4 billion in Rabobank Certificates outstanding.

RELATED RESEARCH

- Cooperatieve Rabobank U.A., Dec. 28, 2016
- Netherlands-Based Cooperatieve Rabobank Affirmed At 'A+/A-1' On Balance Sheet Optimization; Outlook Stable, Nov. 10, 2016

Only a rating committee may determine a rating action and this report does not constitute a rating action.

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